

Declaration which must be signed

I declare that all the particulars on this form are correct to the best of my knowledge and belief.

Signature	<input type="text"/>	Date	<input type="text"/>						
Address	<input type="text"/>								
	<input type="text"/>								
	<input type="text"/>								
Phone Number	<input type="text"/>								
Email	<input type="text"/>								

Claim for Car Expenses & Capital Allowances

Who can Claim?

If you have already been reimbursed by your employer at Civil Service rates, there is no additional relief due.

Civil Service rates were designed to cover both running expenses and wear and tear allowances. Where an individual makes a claim for running expenses or wear and tear allowances and had previously been paid the Civil Service rates by their employer, such reimbursements by their employer will be treated as taxable salary.

An individual who uses his or her private car for business purposes may claim car expenses in respect of the running expenses of the car² and capital allowances in respect of wear and tear³.

Expenses must be incurred necessarily in the performance of the duties of the employment.

Wear and tear allowances compensate for the depreciation in the value of the car.

Where an individual leases rather than purchases the car, he or she may claim leasing expenses but not wear and tear allowances. These topics are discussed separately below.

Where an individual claims expenses or allowances that were previously reimbursed tax-free by his or her employer, the reimbursements by the employer **will** be treated as taxable salary.

1. Running Expenses

An individual who uses his or her private car for business purposes may claim expenses in respect of the running expenses of the car. These include items such as motor tax, insurance, repairs, services, etc. Only the portion of running expenses relating to the business use of the car is allowable. The 'business' portion is calculated by reference to the business kilometre travel over the total kilometre travel for the period.

2. Wear and Tear

Wear and tear is an annual capital allowance in respect of the depreciation in the value of the car. As it is given at a fixed rate it does not reflect the actual depreciation suffered. The current annual rate is 12½% of the allowable cost of a car over a period of 8 years. Only the portion of the wear and tear that is applicable to the business use of the car is allowable. The 'business' portion is calculated by reference to the business kilometre travel over the total kilometre travel for the period.

The actual cost of a car is generally disregarded for capital allowances purposes. Where expenditure was incurred on the provision of a car **before 1 July 2008** and where the actual cost of the car exceeded a specified limit, wear and tear allowances were based on the relevant specified limit. Where the actual cost of the car was lower than the relevant specified limit, wear and tear allowances were based on the actual cost of the car. For expenditure incurred on or after **1 July 2008**, the allowable expenditure for wear and tear allowances is determined by the car's level of CO2 emissions.

The maximum cost limit has been increased over time. The more recent limits are set out in the following table.

Table 1

Date Expenditure Incurred	Specified Limit
1 January 2006 to 31 December 2006	€23,000
From 1 January 2007	€24,000

²The statutory basis for the expenses is section 114 TCA 1997

³The statutory basis for the wear and tear allowances is section 301 TCA 1997

Cars purchased on or after 1 July 2008

Wear and tear allowances for cars (new and second hand) **purchased** on or after 1 July 2008 are determined by reference to the car's CO2 emissions. Cars are categorised by reference to the bands of CO2 emissions that are used to determine Vehicle Registration Tax (VRT). The original CO2 emissions figure at manufacture determines the band and not the CO2 emissions of the car at the date of registration. The regime is summarised in the table below.

Table 2

Group	VRT Category	CO2 Emissions (grams per km)	Allowable Expenditure
1	A	0 - 120	€24,000
	B	121 - 140	
	C	141 -155	
2	D	156 - 170	50% of €24,000 or, if lower 50% of actual cost
	E	171 -190	
3	F	191 - 225	Nil
	G	more than 225	

Example 1

A car (CO2 emissions level of 170g/km) cost €26,000 in May 2018. Only €12,000 of this amount qualifies for wear and tear allowances in accordance with Table 2. 2018 travel is 12,000km business use and 6,000km private use.

2018 wear and tear

€12,000 x 12.5% = €1,500

Restricted to 2/3 for business use = €1,000

Balancing Allowances and Balancing Charges

Part of the calculation of wear and tear allowances involves looking at whether an individual has been over or under-compensated for the wear and tear on a car when certain events occur such as the sale of the car. Depending on the sales proceeds there may be a clawback of the allowances previously claimed or additional allowances may be due. Similarly, if you traded-in, scrapped or ceased to use the car for the purposes of the employment during the year the same position applies. A wear and tear allowance cannot be claimed for a year in which such a 'disposal' event occurs.

Where the sales or other proceeds (for example, insurance) exceed the remaining value of the car, that is, the allowable cost less the allowances previously claimed in respect of wear and tear, there is a clawback of the excess allowances subject to a maximum limit of the allowances previously claimed. This is known as a 'balancing charge'. A balancing charge does not arise where the proceeds do not exceed €2,000. You have the option of treating any balancing charge as additional income in the year in which it arises or setting it against the purchase cost of a replacement car. Where the proceeds are less than the remaining value of the car additional allowances equal to the shortfall are due. This is known as a 'balancing allowance'. When calculating a balancing charge or allowance you must adjust any sales or other proceeds in accordance with the relevant cost limit.

Example 2

A car (CO2 emissions level of 120g/km) cost €16,000 in January 2016 and is sold in July 2018 for €14,000. Annual business mileage is 12,000km and annual private mileage is 6,000km. For wear and tear purposes the allowable cost of the car is the relevant cost limit of €24,000.

The wear and tear computation is:

		Restricted to 2/3 for business use
Wear and Tear 2016	€24,000 x 12.5% = €3,000	€2,000
Wear and Tear 2017	€24,000 x 12.5% = €3,000	€2,000

Calculation of Balancing Allowance or Balancing Charge:

Sale price	€14,000		
Deemed sale price:	$\frac{\text{Sale price} \times \text{Car cost limit}}{\text{Purchase price}}$	$\frac{€14,000 \times €24,000}{€16,000}$	= €21,000
Allowable cost	€24,000		
Less deemed sale price	€21,000		
Loss	€3,000		
Less wear and tear granted	€6,000		
Balancing charge arising for 2018	€3,000 x 2/3 (business use only)		= €2,000

3. Leasing expenses

Only the portion of the leasing expenses that is applicable to the business use of the car is allowable.

For lease payments incurred up to 30 June 2008, where the original retail price of the car (when new) exceeded the specified limit (see Table 1), the expenditure was adjusted in the proportion the specified limit bore to the retail price.

The following formula gave the allowable leasing expenses:

$$\text{Lease payments} \quad \times \quad \frac{\text{specified limit}}{\text{Retail price of the car (when new)}}$$

As with capital allowances, the new CO2 regime outlined above (see Table 2) applies to lease payments incurred on or after 1 July 2008.

Example 3

A car (CO2 emissions 156g/km) was leased in 2018. The retail price of the car (when new) was €22,000. Business mileage for 2018 was 15,000 km and private mileage was 5,000 km. The total lease payments made were €4,000. The allowable leasing expenses for 2018 are calculated as follows:

$$€4,000 \times 50\% = €2,000 \times \frac{3}{4} \text{ business use} = €1,500$$

Please see Tax and Duty Manual 11-00-01 on www.revenue.ie for further information.

Time Limit for Repayment Claims

A claim for repayment of tax must be made within four years after the end of the tax year to which the claim relates.

Documentation to be retained

As your claim may be selected for future audit, you are requested to retain all documentation relating to this claim for a period of six years. Receipts should not be submitted with your claim.

The Revenue Commissioners collect taxes and duties and implement customs controls. Revenue requires customers to provide certain personal data for these purposes and certain other statutory functions as assigned by the Oireachtas. Your personal data may be exchanged with other Government Departments and agencies in certain circumstances where this is provided for by law. Full details of Revenue's data protection policy setting out how we will use your personal data as well as information regarding your rights as a data subject are available on our **Privacy** page on www.revenue.ie. Details of this policy are also available in hard copy upon request.

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.